

Chain Bridge Bank



ECONOMIC UPDATE & ACCESS TO CREDIT

WHAT HAPPENED?

- TOO MUCH LEVERAGE (DEBT) IN THE “SYSTEM”
- TOO MANY BAD LOANS
- TOO MUCH SPECULATION, ESPECIALLY REAL ESTATE FROM 2000- 2008
 - WASHINGTON MUTUAL & COUNTRYWIDE & INDYMAC & WACHOVIA
- SHORT-TERM FUNDING FOR LONG-TERM LOANS
 - DEMISE OF LEHMAN BROTHERS & BEAR STERNS & MERRILL LYNCH

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SOLUTIONS

- 2008 TARP \$700 B TO BANKS
 - Of the banks that have paid it back, taxpayers earned 12%
- 2009 AMERICAN RECOVERY & RELIEF PROGRAM
 - GM, AIG, NATIONWIDE PROJECTS AND LENDING



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SOLUTIONS

SEPTEMBER 2010 SMALL BUSINESS JOBS ACT

- ❖ “PARITY” TO COMPETE FOR SET-ASIDE CONTRACTS AMONG WOMEN-OWNED, SDV, HUBZONE AND 8(A)
- ❖ PROMOTES SMALL BUSINESS EXPORTING
- ❖ \$12B IN TAX RELIEF INCLUDING BUSINESS EXPENSING, BONUS DEPRECIATION, ZERO CAPITAL GAINS, INCREASED DEDUCTIONS FOR START-UPS

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SEPTEMBER 2010 SMALL BUSINESS JOBS ACT

LOANS..LOANS..LOANS



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ECONOMIC CONSIDERATIONS

- DOLLAR IS WEAK VIS-À-VIS YEN & EURO TO STIMULATE EXPORTS
- UNEMPLOYMENT..STUCK AT 9.6%
- WHAT ABOUT THOSE “***P I G S***”
- Q E 2



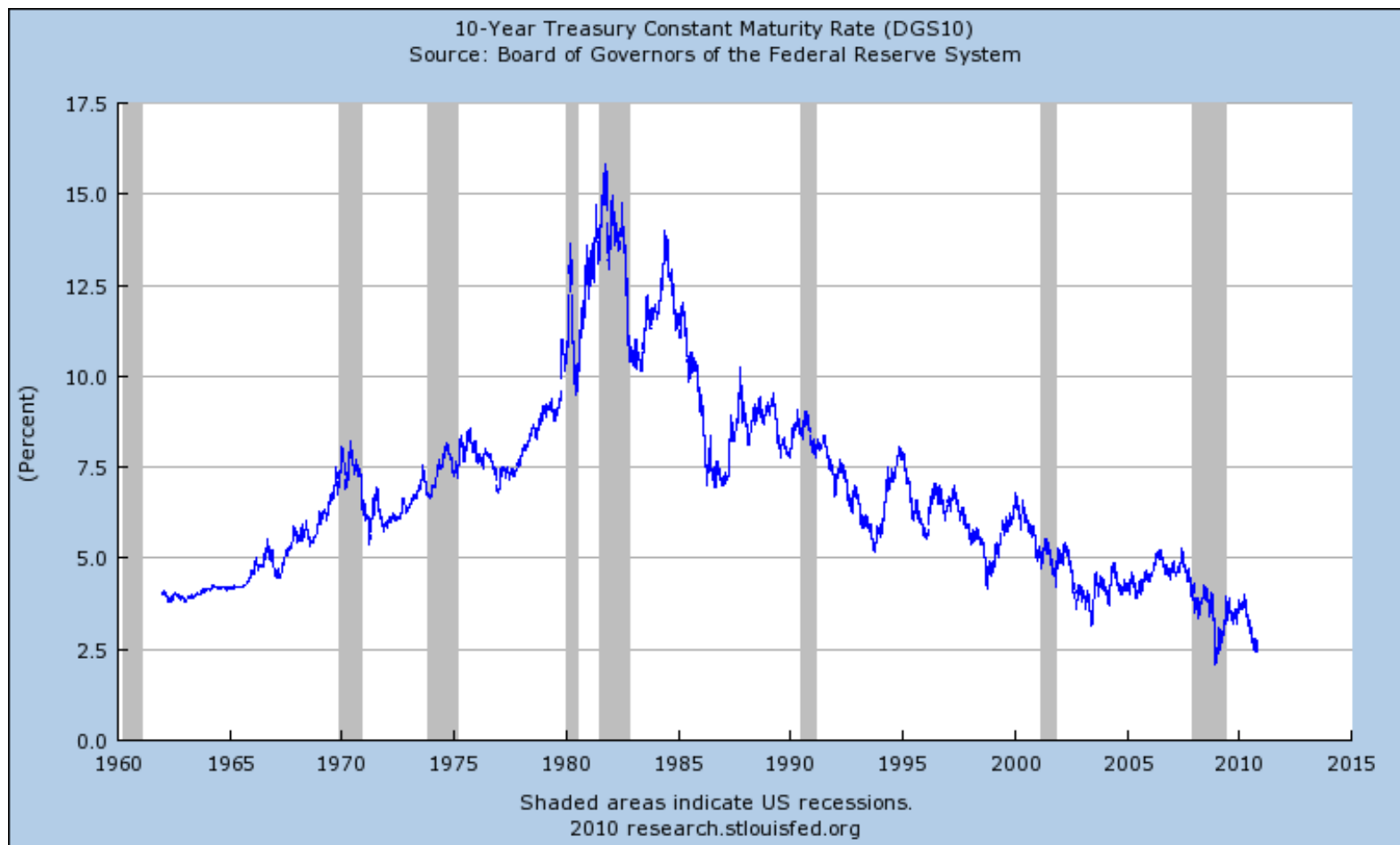
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ECONOMIC CONSIDERATIONS

- VOLITILE WORLD MARKETS & COUNTRIES
- THE “CHINA & JAPAN” EFFECT \$755.4B & 768.8B, RESPECTIVELY, IN TREASURIES
- AND LOOK WHAT HAPPENED



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- **SO WHAT DOES THIS MEAN TO YOU?**
- LIQUIDITY IS EMPEROR!
- REVIEW YOUR BUSINESS PLANS
- THINK OF THE WORST CASE SCENARIOS
- DEVELOP PLANS B, C , AND **Z**
- THIS IS THE NEW NORMAL



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AND HUG YOUR BANKER





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- **FINANICAL PLAN SUGGESTIONS-**
 - OBTAIN A GOOD ACCOUNTANT, ATTORNEY AND A BANKER
 - WORK WITH A MENTOR
 - PERFORM MUCH RESEARCH

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- **SOURCES OF REVENUE (MONTHLY)**
 - PIPELINE AND PROBABILITY OF CLOSING THE SALE
 - FORECAST REVENUES BASED ON CONTRACT TIMELINE
 - LIST INDIVIDUAL REVENUE ITEMS
 - PERFORM “SENSISTIVITY” ANALYSIS

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- **SOURCES OF EXPENSES (MONTHLY)**
 - START-UP COSTS (OWNER EQUITY NOT DEBT)
 - FIXED (RENT, EQUIPMENT OR MACHINERY
VERSUS
 - VARIABLE (LABOR, PARTS, COGS)

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- ***THE PARADIGM SHIFT.....*FOCUS ON:**
 - REVENUES-
 - MULTIPLE SOURCES WITH DIFFERENT MARGINS
 - GROSS MARGINS (IN %)
 - REVENUES/SALES MINUS COST OF GOODS SOLD
 - NET OPERATING INCOME (IN %)
 - GROSS PROFIT MINUS OPERATING EXPENSES



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- **KEYS TO SUCCESS IN TODAY'S ENVIRONMENT-**
 - YOU NEED SUFFICIENT RESOURCES-CASH
 - YOUR STRATEGY NEEDS TO BE NIMBLE
 - YOUR BUSINESS DEVELOPMENT EFFORTS NEED TO BE FOCUSED



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- **KEYS TO SUCCESS IN TODAY'S ENVIRONMENT-**
 - YOUR FINANCIAL ASSUMPTIONS NEED TO CONSIDER
 - BEST-MIDDLE-WORST CASE SCENARIOS
 - YOUR SHOULD HAVE A 1 & 3 YEAR PLAN-UPDATED QUARTERLY

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QUESTIONS?

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